

Amendment #3 to RFP 183-01-51 Bulgaria Anti-Corruption Program

AMENDMENT OF SOLICITATION / MODIFICATION OF CONTRACT		1. CONTRACT ID CODE		PAGE 1 OF 1
2. AMENDMENT/MODIFICATION NO. 03		3. EFFECTIVE DATE 12-14-2001		4. REQUISITION/PURCHASE REQ. NO.
5. PROJECT NO. (If applicable)		6. ISSUED BY USAID/RSC/RCO Budapest		7. ADMINISTERED BY (If other than Item 6)
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP code)		9A. AMENDMENT OF SOLICITATION NO. X 183-01-51		9B. DATED (SEE ITEM 11) X Oct 19, 2001
		<input type="checkbox"/> 10A. MODIFICATION OF CONTRACT/ORDER NO.		<input type="checkbox"/> 10B. DATED (SEE ITEM 13)
CODE	FACILITY CODE			
11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS				
<input checked="" type="checkbox"/> X The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers X is extended is not extended. Offerors must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing Items 8 and 15, and returning <u>1</u> copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.				
12. ACCOUNTING AND APPROPRIATION DATA (If required)				
13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.				
<input type="checkbox"/>	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify Authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.			
<input type="checkbox"/>	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY			
<input type="checkbox"/>	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF:			
<input type="checkbox"/>	D. OTHER (Specify type of modification and authority)			
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input type="checkbox"/> is required to sign this document and return _____ copies to the issuing office.				
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible)				
<p>The RFP is amended to: (1) extend the closing date from "January 4, 2002" to "January 14, 2002"; and (2) revise Section F.4. Report; Section H. by adding clause H.5.; Section L.5 by adding paragraphs (i) and (j); Section M.2. Evaluation Criteria; and replace Section C. Statement of Work in its entirety.</p>				
Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.				
15A. NAME AND TITLE OF SIGNER (Type or print)		16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print)		
		Catherine A. Mallay		

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15B. CONTRACTOR/OFFEROR	15C. DATE SIGNED	16B. UNITED STATES OF AMERICA	16C. DATE SIGNED
(Signature of person authorized to sign)		(Signature of person authorized to sign)	
NSN 7540-01-152-8070 PREVIOUS EDITION UNUSABLE	30-105	STANDARD FORM 30 (Rev. 10-83) Prescribed by GSA FAR (48 CFR) 53.243	

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- A. THE CLOSING DATE FOR RECEIPT OF PROPOSALS IS EXTENDED to January 14, 2002 at 1700 hours Budapest time.
- B. The first three paragraphs of Clause F.4 "Reports" are revised to read as follows:

"F.4 REPORTS

The following requirements are in addition to those set forth for submission of reports in Section C and Section I. Reports shall be in English. The Contractor shall submit five (5) copies of the following reports to USAID of which four go to the CTO and one to the Contracting Office administering the contract:

a. Quarterly Progress Reports

In addition to the requirements of Section C, SOW Part B, subpart B.4.3, quarterly progress reports shall include the following: "

- C. Clause H.5 is incorporated as follows:

"H.5 EMPLOYMENT COSTS OF THIRD COUNTRY NATIONALS AND COOPERATING COUNTRY NATIONALS

a. The following are unallowable costs for third country nationals (TCN's) and cooperating country nationals (CCN's) unless the Contracting Officer provides a written determination that such costs are allowable for specifically named individuals:

- 1) Compensation, including merit or promotion increases, that exceeds the prevailing compensation paid to personnel performing comparable work in the cooperating country;
- 2) Payment of compensation to TCN and CCN employees in other than the currency of the local country.
- 3) Allowances and Differentials;

b. Unless otherwise approved by the Contracting Officer, the maximum prevailing compensation will be the same as the maximum salary under the Mission Local Compensation Plan.

c. The Contracting Officer will only determine the above costs to be allowable if and to the extent that the Mission Director approves such exceptions, and also subject to the usual considerations of reasonableness and allocability to the contract.

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d. Even if the contract ceiling price is based on a cost proposal that estimated such payments, a specific allowability determination from the contracting officer is required in order for such costs to be reimbursed under the contract."

D. Provision L.5 "General Instructions to Offerors" is amended to revise paragraph (h) and to include paragraphs (i), (j), (k) and (l) as follows:

With respect to paragraph (h), the estimated total grant to Coalition 2000 is not expected to exceed \$700,000 including a small grants program.

(i) For the information of offerors:

Summary of USAID/Bulgaria FSN-Local Compensation Plan

Grade	Minimum (Step 1)	Maximum (Step 12)	Amount Of WGI*
FSN Grade 12	\$17,789	\$24,367	\$598
FSN Grade 11	\$13,861	\$18,987	\$466
FSN Grade 10	\$11,982	\$16,415	\$403
FSN Grade 9	\$10,899	\$14,936	\$367
FSN Grade 8	\$9,032	\$12,376	\$304
FSN Grade 7	\$8,211	\$11,247	\$276
FSN Grade 6	\$6,417	\$8,793	\$216
FSN Grade 5	\$5,872	\$8,050	\$198
FSN Grade 4	\$5,407	\$7,409	\$182
FSN Grade 3	\$4,689	\$6,427	\$158
FSN Grade 2	\$4,099	\$5,617	\$138
FSN Grade 1	\$3,701	\$5,065	\$124

* Increment amount between steps

(j) The government estimate for this contract is \$6,925,680 for the base 3-year period and \$4,600,000 for the 2-year option period. The cost proposal for both the basic and option periods should include the amounts stated in Section C (as revised in this amendment) that are planned for the grant to support Coalition 2000, including its small grants program, and the other small grants program to be conducted by the Contractor. The estimates for other cost elements provided in the RFP or its amendments are for reference only and are neither required nor suggested figures to be included in the cost proposal.

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(k) Offerors must address the two-year option in both their technical and cost proposals. For the technical proposal, assume that 1) work under the contract and its funded grant activities has been completed successfully during the initial 3-year period; 2) there is measurable success with respect to all higher level results; 3) the two primary goals of the contract remain the same for the option period; 4) and grant activities will continue during the option period at the same level as the initial 3-year period. The technical proposal must propose tasks and results that would be logical follow-on activities and objectives that the contractor would be responsible for in order to strengthen and complete the program and that will also better ensure that higher level results and goals of the contract are met and are sustainable beyond the end of the contract. The cost proposal must include similar detail for the option as for the initial period.

(l) Gender Considerations appears both in Section L of the RFP as well as in Section C of the RFP (and contract). It is both an element of the technical proposal and evaluation, as well as a required performance element under the contract.

F. The following is added to Provision M.2 Evaluation Criteria:

Gender Considerations will be an element of the evaluation of the technical proposal and will be scored as part of one or more of the technical evaluation factors.

The portion of the proposal covering the initial contract period will be weighed more heavily than that covering the option period.

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- G. The Statement of Work is replaced in its entirety with the version provided in this amendment.

STATEMENT OF WORK

ANTI-CORRUPTION PROGRAM FOR THE REPUBLIC OF BULGARIA

SOW PART A - GENERAL INFORMATION

A.1 INTRODUCTION

This requirement for an anti-corruption activity in the Republic of Bulgaria is to enhance transparency and accountability of government and promote stability, economic prosperity, rule of law and the consolidation of democratic processes. The requirement is to improve accountability mechanisms and the investigative capacity of government institutions, and to support NGOs and citizen action groups in their ability to participate in and oversee government activities, in order to reduce the pre-conditions for corruption.

A.2 BACKGROUND

A.2.1 Current Environment in Bulgaria

"...While corruption is not a product of democracy, it may well turn into one of the chief obstacles to the establishment of democratic values. Even the Romans, more than 2000 years ago, were familiar with some of its forms - bribery, for instance, known under the ironic term *argumentum argentarium*, i.e., pecuniary evidence. The Roman politician Marcus Tullius Cicero used to say that incorruptibility was the only quality he would appreciate even in his enemies.

...

The anti-corruption campaign in Bulgaria is also an essential prerequisite for our European integration because corruption can only lead to isolation and poverty, while democracy implies prosperity and participation in the world economy."

Petar Stoyanov
PRESIDENT OF THE
REPUBLIC OF BULGARIA

A.2.1.1 General

Definitions of the complex term of corruption typically refer to the abuse of power - economic, political, or administrative - for group or personal gain, in violation of the law and the legitimate interests of individuals, a specific community, or society as a whole. The broad scope of this definition is further warranted by the fact that effective counteraction of corruption,

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of one of the most threatening national and global phenomena, requires the concerted efforts and commitment of both the government and the citizens, and should involve each and every sector of public life.

The analysis of the Corruption Indexes of Coalition 2000 shows that, over the past year, the public in this country has still perceived corruption as an obstacle to Bulgaria's development that is especially difficult to overcome. Respondents in various polls have indicated that unemployment, low incomes and poverty are the only factors ranking higher than corruption in terms of social significance. Moreover, the problem of corruption has been given more weight in comparison with the previous year. The latter fact demonstrates that, in the opinion of the public, no sufficiently effective means exist yet to combat corrupt practices so as to suppress them to a tolerable level.

A.2.1.2 Governance

In the governance sector, significant administrative reforms have been enacted in procurement, civil service, privatization, and public administration. A National Audit Office has been established, together with a financial crime-fighting division within the Ministry of Finance - a Bureau for Financial Investigation. Hence Bulgaria has made short, but impressive strides in both the governance and awareness legs of the triangle, but there is still a lot to be addressed. And with increased public awareness, the government also faces stronger political pressure to strengthen oversight mechanisms, consolidate and co-ordinate internal control and enforcement efforts.

According to an analysis carried out by the World Bank on the basis of a 1999 survey of more than 3,000 enterprise owners and senior managers in 22 transition countries, the forms of corruption that are more particularly pointed out by 40 % of the firms doing business in Bulgaria are the paying of bribes to public officials to avoid taxes and regulations, as well as the contribution by private interests to political parties. Other corrupt practices, which influence the firms' business, are the sale of court and arbitration decisions, presidential decrees and parliamentary votes (for 20% to 30% of the firms). Furthermore, a large part of the firms (more than 40%) state that there are numerous cases of public officials hiring friends and relatives into official positions. Corruption appears to be particularly widespread in the customs, the tax administration, health care, business licensing, the police, the courts and the education system.

Corruption thrives on the absence of strong, enforceable conflict of interest legislation and practice. It is characterized less by outright bribery and by more amorphous forms of corruption,

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like influence peddling and position-buying. Conflict of interest provisions and codes of conduct have been established for the Privatization Agency and for all ministries and civil servants, both at national and sub-national levels. These are significant, if extremely recent changes, but require time and continuous commitment to bear fruit.

With these changes comes an increased need for new technical assistance to these very agencies to help them translate legislation into practice and implementation.

A.2.1.3 Anti-corruption Approaches

The USAID Anti-corruption Strategy argues that there is a strong conceptual distinction between law enforcement approaches to corruption, which try to strengthen crime-fighting efforts, and a more holistic approach that addresses poor governance systems more broadly. 'Integrity' programs thus differ from law enforcement ones by seeking to make transparent practices that have been kept obscure, and by de-personalizing government activities to prevent abuse, rather than aiding governments to better keep secrets. Such integrity practices can be highly effective in attacking corruption simply because they target opportunities to engage in it.

Internal control rules and codes of conduct are the other major component for any institution charged with some aspect of public trust. In all former socialist countries, there exists an excessive reliance on formal rules, legal sanctions, and decrees to ensure discipline or correct wrong-doing. Developing strong, enforceable codes of professional conduct and discipline is a key component of corruption *prevention* almost entirely absent from transition societies. Indeed, this is largely how modern societies confront institutional corruption, rather than through after-the-fact law enforcement strategies. Western public and private institutions design and enforce informal rules and procedures on their members, both to maintain professional integrity and market share, but also to *prevent* management and accountability problems from attracting the interest of the law afterward.

Public management measures aimed at promoting and upholding the integrity of public officials are being developed. Steps have been undertaken to establish a system of government hiring of officials that would, assure more openness, equity and efficiency and would promote hiring of more competent individuals and laws, management practices and auditing procedures with the aim to ease the detection of corrupt activity are being adopted.

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A.2.1.4 Civil Society

The civic sector in general, and NGOs in particular, are increasingly affirming their public role in the prevention of corruption. Indicative of the results of the efforts of the civil society to limit corrupt practices is the broadening public support for the exercise of independent control over government, as well as for the overcoming of the outright negativist attitude towards civic initiatives for transparency on the part of the authorities. A tangible anti-corruption effect was achieved as a result of the improved interaction between non-governmental organizations, the media, and civil society as a whole, which also helps overcome the alienation between the various social spheres. It was manifested in different local-driven anti-corruption activities supported through the local grant program.

Civil society organizations have taken the natural lead in public awareness of corruption campaigns. To this end, it is necessary to find the proper formula for constructive interaction with the authorities, combining the principle of partnership with that of citizen control. NGOs have successfully introduced the 'watchdog' notion to a government unused to public scrutiny in a remarkably short period time with great professionalism. Similarly, we have witnessed the growing importance of independent media, primarily the press, in voicing the public interest to curb corruption in the public sphere.

The private sector wants fewer opportunities for bribe-giving and administrative corruption, and will support high tech efforts to improve administrative efficiency accordingly. Developing digital signatures and electronic interaction with ministries and institutions creates better records, and reduces opportunities to engage in bribe-seeking. Many in government understand that the prestige and positive atmosphere for international business arising from developing the high tech sector outweighs the short-term reductions in opportunities to engage in bribe-taking.

Despite the problems mentioned above, it is important to remember how ahead Bulgaria is with respect to its immediate neighbors in the Balkans. There is political will to tackle corruption, compared with four years previously. Government has made serious, impressive strides in key areas, by instituting privatization oversight, stabilizing the currency, instituting procurement reform, institutionalizing local government, tolerating a free, if still unprofessional media, and professionalizing the judiciary and audit bodies.

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A.2.1.5 The Rating

Thus, the improved corruption rating of Bulgaria in the period 1999-2000, published by Transparency International, a well-known international NGO, has had visible repercussions in domestic politics. In comparison to the previous two years, Bulgaria has moved ahead to 52nd from among 90 countries (it ranked 67th in 1998, out of 85 countries, and 63rd in 1999, out of 99 countries). This result is due primarily to the legislative efforts made to date and could turn into a stable trend if the authorities manage to transform the anti-corruption measures into a lasting priority of government policy.

A.2.2 Recent Anti-Corruption Steps

Significant efforts have been recently made by the Bulgarian authorities to address corruption through improvements to the legislative and institutional framework. Bulgaria has become party to several key multilateral legal instruments containing anti-corruption related provisions and a number of laws related to the fight against corruption have been passed including changes in the Criminal Code and laws pertaining to civil service, customs, tax procedures and auditing regulations. Stability Pact Anti-corruption Initiative (SPAII) shares the European Commission that much remains to be done, however, in terms of actual implementation of laws.

A number of positive anti-corruption measures were taken in 1999 and 2000 according to the EC, especially at legislative level, including:

- A Public Register Law inviting high-ranking government officials to declare property, income and expenses (April 2000)
- Amendments to the Penal Code were adopted by the National Assembly to criminalize attempted as well as actual bribery and the appropriation of revenue funds or target funds for purposes other than the legal ones
- The Civil Service law creates tighter controls on the administration and its staff
- The review of licensing and registration regimes finalized in October 1999 led to abolition or simplification of some regimes
- The new Tax Procedure Code of January 2000 emphasizes measures to detect corruption-generated income

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- Implementation of the June 1999 public procurement law has started
- The Bulgarian Customs Administration has taken some steps to combat corruption in its ranks, improving co-operation between the General Customs Directorate and the other competent state bodies, and starting a project to fight custom corruption
- Bulgaria deposited its ratification of the Council of Europe Civil Law Convention on Corruption (June 2000)
- Bulgaria has ratified the Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and has signed (but not ratified) the Council of Europe Criminal Law Convention on Corruption
- Concerning money laundering, a law was adopted in 1998, and in 1999 the Law on Banks was amended setting out the obligations of the National Bank in prevention of money laundering
- In November 1999, a new specialized unit for combating illegal trafficking in women for the purpose of sexual exploitation was created within the Border Police
- Demilitarization of the border police is ongoing and is scheduled to be completed in April 2002
- With the support of public authorities, projects are under way through NGOs such as Coalition 2000 to collect information about corrupt practices, study the attitude of the public towards corruption, and inform the public about legal remedies against corruption

A.2.3 Bulgarian Procurement and External Control Agencies

The public sphere as a whole, and public administration in particular, are the main areas where corruption persists. Thus, they form the object of targeted anti-corruption measures as part of the reforms. Within the framework of the administrative reform, legislative measures have been undertaken to regulate the organization and functioning of public administration. Some of the laws passed during the past period are particularly important as mentioned above. For example, we expect the Law on Property Disclosure by Persons Occupying Senior Positions in the State to become an instrument of strong moral influence that could accelerate the emergence of a new style of conduct among the political elite. Nevertheless, the new legislation is not devoid of gaps and deficiencies. This is for instance the case with the

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Law on Access to Public Information - as the provisions on the protection of personal data and on official secrets have been substantially delayed, the Law could not materially improve the access of the public to information.

The fundamental goal of the administrative reform is to turn transparency and accountability into essential characteristics of all structures of power, especially the administration. Thus, citizens would have a larger and better regulated access to public services, while the risks of abuse of power and discretion by the civil servants would be restricted. After a certain delay, the yearend of 1998 and the whole 1999 saw a large-scale process of adopting pieces of legislation designed to govern the organization of public administration and its functioning. As a follow-up, 2000 had to be the year of completing the legislative framework, putting in place the required instruments of secondary legislation and successfully launching the enforcement of the new rules aimed at curbing corruption. These are intended to better the transparency of administrative work and to narrow down the possibilities for corrupt behavior within the state institutions. However, the process of bringing those administrations in line with the Law (which has to take place within one year of its effective date) has not been sufficiently open and public. This is also valid for the numerous state agencies and commissions the administrative structure, governed by the same requirements. Working mechanisms to ensure the accountability to or information for the public concerning the operation of different institutions were not created in due course. A Register on administrative structures and on the acts of the administrative bodies recently established (with the Regulation of the Council of Ministers No. 89/2000) and accessible online via the web site of the government could have a positive impact in that respect. The maintenance of the Register would give an overview on which administrative body is responsible for the implementation of concrete engagements and on the process of re-structuring of the administration. In parallel to the general negative effects, the slow pace of the public administration reform and the lack of clarity about it bear directly on the efficient implementation of the Law on Administrative Services for Natural and Legal Persons (passed at the yearend of 1999). This Law stipulates a set of Rules of Organization and Procedure of the respective administrations to regulate the procedures for providing and organizing the administrative services and that the problems not covered by those Rules should be dealt with in "internal regulations approved by the competent administrative secretary". It is vital to ensure the disclosure of any such internal regulations, as this would enhance both the awareness of citizens of their own rights and the fulfillment by civil servants of their duties.

The prevention of the existing discretionary powers and abuses of individual interests requires thorough and limpid rules on the

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organization and control of administrative services. In addition, procedural guarantees will have to be introduced.

The application of the Law on Public Procurement (in force from July 5th, 1999) has invited criticism in the sense that the indispensable organizational, regulatory (secondary legislation) and administrative prerequisites do not exist yet in order to enforce the principles enshrined in the Law: openness and transparency, free and fair competition, equal participation opportunities for all candidates. One of the negative reactions has actually come from representatives of the private business who believe that the law, as it is, and its incompetent implementation by the contracting authorities do not encourage the business and prompt abuse and corruption instead.

A.2.4 Relationship to USAID/Bulgaria Strategy

The overall mission of the USAID/Bulgaria's presence is to assist Bulgaria in its transition to a market-oriented economy and strong democratic society to achieve the broader goal of EU accession. An important and driving force for this outcome is the development of good governance examples and increased public awareness through increased citizens' participation and a public-private partnership approach.

USAID/Bulgaria is in the process of developing a new strategy in the late 2001 calendar year. A DG assessment carried out in April 2001, however, identified anti-corruption as one of the priority areas for USAID intervention. As a priority area it will be carried into the new Mission strategy as a comprehensive anti-corruption program. The anti-corruption program falls under Strategic Objective (S.O.) 2.1 *Increased, Better-Informed Citizens' Participation in Public Policy Decision-Making*. Supporting anti-corruption initiatives also strengthens the efforts of USAID/Bulgaria's other democracy and economic growth programs. Increased transparency and accountability are important factors in strengthening local government, the legislative branch, and rule of law, the non-governmental sector. In addition economic growth programs are increasingly incorporating anti-corruption components in all of their scopes.

A.2.5 US Government Related Activities

One USAID/Bulgaria project is designed to assist the Bureau of Financial Intelligence (BFI) as the primary client and other critical Bulgarian entities in developing their system of money laundering measures. The project will focus on improving the money laundering legislation, strengthening the administrative and IT capacity of BFI and enhancing the capabilities of the other institutions (partner law enforcement authorities, critical reporting entities and their supervising authorities) in implementing the money laundering measures. The assistance will

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respectively include: assessment of the anti-money laundering legislation aimed at preparing draft amendments for improving it; advising on the necessary components of additional IT equipment for the BFI; advice and training for developing the intelligence gathering techniques and analytical methodologies to be used by the BFI; introducing modern analytical tools, advice in carrying out inspections on the spot at the reporting institutions; developing the human resources management strategy for the BFI; improving the cooperation with law enforcement authorities and reporting institutions; providing joint training for BFI officials, prosecutors and police in investigating and prosecuting money laundering offences, which will be aimed at convicting the money launderers as a final result.

The Law on Measures against Money Laundering is to be amended and supplemented. This is necessary in order to bring the Bulgarian law fully into line with the Directive of the Council of the European Community on prevention of the use of the financial system for money laundering. The amendments should empower the control mechanism used to check compliance with the Law, extend the powers of the Bureau for Financial Intelligence, and regulate its relations with the tax and other State authorities.

Another important USAID supported activity is the ABA/CEELI program providing technical legal expertise and assistance, working closely with local partners on specific, jointly-developed legal reform projects. Many of Bulgaria's communist-era laws (and early versions of those laws) must be revised to assure the transition to stable democracy and a free-market economy. In addition, harmonization with EU legislation and adjusting laws to European Standards are another set of requirements that Bulgaria has to develop in order to meet criteria for EU accession. ABA/CEELI is providing valuable support in assessing and modernizing these laws, suggesting examples of efficient implementation and assisting the GOB in creating a modern legal framework. The Procurement Law is of specific mention here in addition to the work with the National Audit Office on the public registry.

ABA/CEELI has over the years consistently focused on the areas of banking, bankruptcy, intellectual property, concessions, procurement, and small and medium size enterprise law. ABA/CEELI's technical assistance has touched upon all aspects of the reform process, from helping develop a concept for reforms in a particular area, to supporting the process of drafting legislation or amendments (through on-ground legal specialists and policy workshops), to assisting with implementation (by training practitioners and developing practice tools such as publications). Virtually all of ABA/CEELI's technical assistance activities include an anticorruption component. For some areas such as procurement and concessions, the emphasis on corruption related issues is significant and the connection clear. Other

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areas may not be viewed as traditional components of an anticorruption campaign, yet will nevertheless result in reforms that decrease opportunities for corruption. ABA/CEELI will continue to provide assistance with civil aspects of anti-corruption such as ethics and procurement.

Since 1998 USAID has been providing technical assistance through a resident advisor from the US treasury, supplemented by intermittent advisors, to the Ministry of Finance and the Bulgarian National Bank in government debt issuance and management. The focus of the assistance has been the improvement of the framework of Bulgaria's domestic government securities operations and external debt capacity, as well as efficient management of its sovereign assets and liabilities. With the support of the US advisors, a Sovereign Debt Law has been drafted that will establish a structure for the sovereign issuance of debt and guarantees.

The Department of Justice's (DOJ) Office of Overseas Prosecutor Development Assistance and Training (OPDAT), has prosecutors placed throughout Eastern Europe and in the Newly Independent States to provide criminal law technical assistance and skill development to prosecutors, judges and to the police. One of the primary purposes of the DOJ program is to provide technical assistance and training on concepts that have a universal application for the effective investigation and prosecution of criminal activity. This technical assistance includes expertise from both the resident legal advisor as well as from experts from the U.S. and other countries. This technical assistance includes legislative drafting, review and recommendations for different Ministries and for members of Parliament. The DOJ program in Bulgaria focuses much of its work on increasing the understanding of tools and techniques that can assist in the fight against corruption and organized crime. One area of organized crime that the DOJ program is heavily involved in is human trafficking. The DOJ has supported two seminars on human trafficking increasing the level of awareness about the issue. DOJ also has been instrumental in the establishment of a human trafficking task force within NSBOP that is gaining assistance from a representative from the FBI and with the establishment of a formal human trafficking legislative working group out of the Ministry of Justice. The DOJ program was involved in the recent Extradition Treaty negotiations between the GOB and the U.S. and will be following -up with the GOB on the agreements made during those official consultations.

A.2.6 Activities of Other Donors

Donor activities have been limited where the Procurement and National Audit Offices are concerned up until recently. However, it appears that more donors are now interested in being involved with different aspects of these respective sectors. The most

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significant donors are likely to be the EU Delegation to Bulgaria and SIGMA. The EU PHARE project involves the British National Audit Chamber. However, the project has not been launched and is pending passing the proposed amendments to the Law on the NAO. It is somewhat unlikely that the new Parliament will focus on that Law in the very beginning of its term. Therefore, the project is likely to begin late in the 2001 calendar year if not later. The World Bank has expressed interest, but currently has no specific program that addresses these areas. The World Bank has also carried out an assessment of the procurement system in Bulgaria.

Donor participation in the procurement and audit and financial control areas is a fluid area, especially having in mind the different activities of donors. Other donors might express interest and come in to fund other activities in these areas. Monitoring and coordinating with all potential and currently active donors is seen as a most essential part of this program for several reasons: 1. To avoid duplication of effort; 2. To leverage assistance supported or provided by other donors; and 3. To enhance progress toward results, especially long-term solutions. USAID expects to be substantially involved in these efforts and may take the lead role in donor coordination.

SOW PART B - WORK REQUIREMENTS

B.1 OBJECTIVES

This Activity will be the principal USAID-funded intervention in the area of anti-corruption.

The first goal of this activity is to achieve increased transparency and reduce preconditions for corruption in public administration by providing technical assistance and support to the GOB anti-corruption efforts, particularly those of the Procurement Office of Ministers and the National Audit Office of the Republic of Bulgaria.

The second goal is to foster civil society participation, promote anti-corruption practices and raise public awareness through a public-private partnership in order to create a strong non-governmental mechanism to fight corruption where it has occurred.

The two goals shall bear equal importance. At the end of the contract, activities undertaken shall result in enhanced capacity to increase transparency and accountability of target Bulgarian government institutions and increased public awareness and watchdog pressure mechanisms implemented by civil society.

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B.2 GENERAL PRECEPTS

Successful completion of this contract will include the participation of Bulgarian non-governmental organizations (NGO's). The Contractor will conduct its work in a manner that is inclusive of Bulgarian NGO's and that promotes and gives credit to the independent role and accomplishments of each participating Bulgarian NGO. The Contractor will not limit, represent or replace an NGO in its dialogue with the Government of Bulgaria or other Bulgarian entities.

The Contractor shall respond rapidly to USAID requests for technical assistance in other priority areas related to the GOB or civil society goals of this contract. These areas may include, for instance, administrative and policy reforms, public service codes of conduct, e-government, performance monitoring or other areas of anti-corruption work as they may arise given a new political environment. The Contractor's efforts in response to such requests are expected to be incidental to other work under this contract, where the interaction between Contractor and USAID would be one of technical direction. Should an emergent priority area and the planned response be of greater magnitude, then USAID may add a new task to the contract pursuant to the Changes clause.

In accordance with USAID's recognition that gender issues are important considerations in development, the Contractor shall look for gender implications or opportunities in this program and in all task areas. The Contractor shall make every effort to evaluate gender considerations and opportunities for participation in the program, as well as to define gender-based barriers to achieving the tasks outlined in this SOW. If such barriers are identified, the Contractor shall design an approach to eliminate such barriers during the course of the contract. The Contractor shall be required to report gender disaggregated data in all deliverables listed under B.4 below

B.3 TECHNICAL ASSISTANCE TO THE GOVERNMENT OF BULGARIA

B.3.1 NATIONAL AUDIT OFFICE

Background

Reducing corruption requires not only the relevant institution-building and legislative measures but also creating the social preconditions for establishing the rule of law. In this context it is of decisive importance to foster a democratic political and economic culture based on trust and respect of government institutions, transparency and openness of the activities of the administration, and an orientation towards stability and predictability of the economic and social environment.

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The National Audit Office of the Republic of Bulgaria has requested technical assistance to support different activities in their strategic plan of promoting transparency and adopting anti-corruption measures on a national level.

A relatively new organization, the Bulgarian National Audit Office (Smetna Palata) is based on Article 91 of the 1991 Constitution. It was effectively established by the National Assembly in 1995 and began operating in 1996. The National Audit Office has a court-type structure with collegial decision-making procedures but with no judicial powers. In addition to auditing, the National Audit Office has some duties of a non-audit nature, such as providing advice on the annual draft budget.

The National Audit Office staff consists of 450 occupied positions (the target is 500). The central office includes 232 people, 159 of whom are auditors. The nine regional offices employ 218 people, including 185 auditors. The National Audit Office leadership consists of the President and ten members.

In January 1999, the National Audit Office adopted a Strategic Development Plan. One of the main targets of the Strategic Development Plan is to initiate and support the legal audit framework and to clarify the division of mandate and functions between different control and audit entities in Bulgaria. The Strategic Development Plan also aims at developing the institution's policy and procedures and at enhancing the competence and professional commitment of the staff. The National Audit Office in implementing its Strategic Development Plan should focus on management audit and audit for prevention of fraud and corruption.

In carrying out the tasks below, the contractor shall work closely with key NAO members to assure that the technical assistance, training and anti-corruption strategies are developed in accordance with the GOB overall anti-corruption strategies.

TASKS

Working directly with the National Audit Office (NAO) the Contractor shall to accomplish the following tasks:

B.3.1.1 Establishing and promoting anti-corruption practices

Strengthening internal controls within central government structures shall require the contractor to undertake:

- an evaluation of current frameworks to assure their compliance with internationally accepted models incl. EC Directives;

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- an evaluation of the current status of internal control within the central Ministries and agencies and identification of weaknesses and areas for improvement that are common across Ministries. This evaluation will not be at the same level of detail as subsequent evaluations of individual Ministries and departments but should provide sufficient detail so as to allow the development and refinement of planned training and technical assistance;
- recommendations and strategies for addressing identified weaknesses;
the establishment of basic standards and methodologies for evaluating and implementing internal controls;
- the establishment of performance audit standards (i.e. U.S. General Accounting Office Standards) for conducting and reporting results of audits including identification of internal control weaknesses.

B.3.1.2 Improved Management Systems

The objective of this element of the program is to turn the current internal control units into professional internal audit units capable of working with management to improve internal controls and carry the functions of a modern internal audit unit. The contractor shall provide technical assistance in the development of provisions necessary for a uniform system of staffing and evaluating the work performed by the internal audit unit. In developing the staffing qualifications, the contractor shall take into consideration both financial and non-financial control and audit requirements. The contractor shall develop such criteria working closely with the key stakeholders in the NAO. Much of the effort in subsequent activities shall be to bring the internal audit units to the standards agreed to by the NAO.

B.3.1.3 Audit of Internal Controls

It is imperative to the success of the project that the NAO have the ability to review and evaluate agencies' internal audit units so as to be able to rely upon their work in connection to the overall work of the NAO. The contractor shall provide technical assistance to the NAO in setting up a professional unit or team to perform this function, training in the evaluation of internal controls and the development of audit steps and programs to evaluate internal controls in the various Ministries that can be carried out by NAO auditors.

B.3.1.4 Training

Contractor shall begin by working with the NAO to assess their audit and fraud detection capacity and procedures. Based upon this assessment, the Contractor shall assist the audit training unit to improve its training techniques and to train trainers.

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The contractor shall leverage the human resources available by identifying and training current government staff that can serve as trainers and resource persons within the NAO. The contractor shall prepare a plan for developing a permanent training capacity within the NAO in the area of internal controls and audit.

B.3.1.5 Electronic Public Registry

Contractor shall provide training and technical assistance in establishing an electronic public registry under the Law on Incomes and Property of Higher Ranking Governmental Officials. Contractor shall assess the efficiency of the existing Registry and propose approaches to develop an online/electronic format of the Registry as agreed upon with the NAO.

B.3.1.6 IT improvements

Contractor shall work closely with the NAO to assess current software and hardware needs in order to integrate the NAO information system with the existing national information system for financial management of the budget sector. The technical assistance shall take into consideration existing donor programs in IT development. It shall include the elements necessary to implement the internal control rules and may include assistance with hardware, software development, training and technical assistance in relevant areas, etc.

B.3.1.7 Pilot Units

The Contractor shall identify two or more Pilot Units - Ministries or agencies on the central level and develop internal control rules according to the requirements established by the NAO.

To achieve the maximum results the contractor shall establish a priority list for identifying individual Ministries and departments within them as Pilot Units. Typical criteria for the initial Pilot Unit Ministries/agencies include:

- management commitment to improving internal controls;
- active participation of heads of the internal control units;
- appointment of the heads of internal control by top management, as opposed to the old system of them being appointed by the head of the department to which they reported;
- level of corruption within the Ministry and the ability of internal controls to reduce the instances.

The Contractor shall develop:

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1. an extensive training program for public sector managers in understanding management's responsibility for internal control in the Pilot Units;
2. a training program for internal audit unit staff in understanding internal controls and their application;
3. an evaluation of current internal controls in individual Ministries and departments;
4. action plans for each department to improve internal controls; and
5. technical assistance approaches to help implement recommended actions.

The current internal control units shall be converted into professional internal audit units capable of providing internal audit services within public entities. Internal audit programs and report requirements must be developed in general for the basic functions of government and specific audit steps identified depending on the Ministry or sector involved. The contractor shall provide technical assistance and help the units adopt modern internal audit techniques. Extensive training shall be required in basic financial systems and compliance auditing, fraud auditing and operational auditing. Training in analytical techniques such as cost-benefit analysis and understanding and developing ratio analysis might also be useful.

B.3.1.8 General

The Contractor shall:

- provide examples of best practices, global lessons learned, and targeted short-term technical assistance as needed;
- utilize study tours and/or international conferences to introduce GOB officials and civil society partners to successful practices in other countries and will provide short-term expert consultants to advise on implementation.

B.3.2 PROCUREMENT OFFICE OF THE COUNCIL OF MINISTERS

Background

In June 1999, a new Public Procurement Law came into effect. The law covers all public sector entities, central, regional and local authorities, funded by the state or local budget, including public utilities. Procurements are carried out on a decentralized basis by contracting entities.

Open Procedure is the preferred method of procurement. Two other methods, Restricted Procedure and Direct Negotiation, are to be used only in exceptional cases or in other defined situations. The Council of Ministers has issued an Ordinance on procurement

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transactions below the thresholds established in the Law (published in the State Gazette, #36/02.05.2000). It is reported that an estimated 40 per cent of procurement transactions fall below current thresholds under the Law. The State Gazette includes, as a supplement, a Public Procurement Bulletin. The time limit for submission of tenders is 40 days for open procedures and can be shortened to 30 days in the case of a contract notice that has been published at the beginning of the year in the State Gazette as one of the contracts planned for the year ahead. The time limit for a closed procedure is 15 days in the pre-qualification phase and 20 days for tender submission in the second phase. For each contract to be awarded, a contracting entity must establish a Procurement Committee with a minimum of three members, of which one must be a lawyer. No professional staff from the contracting entity involved in planning and preparation of the procurement activity is allowed to be a member. A tender procedure may be cancelled if less than three qualified tenderers make a bid. Prior to the announcement of the contract award, the contracting entity announces a list of the three top ranked tenderers.

The law also requires the government to maintain a Public Procurement Register which must include, amongst other information: (i) a list of external experts who can be consulted by the contracting entities, (ii) information on good suppliers practices, and (iii) data on invitations to tender and contract awards. The list of external experts is to be prepared and updated with the support of professional associations and organizations in specific fields (e.g. public construction, gas, energy, water, etc.). Often the Register does not meet all of the requirements set out in the law and is set up on an informal basis.

The June 1999 law is perceived as generally well structured, user-friendly, and from a broad perspective, complies with general international standards in respect of its strong emphasis on open tendering, clear advertising rules and only a few preferential clauses. The issues that require USAID intervention are related to implementation. Some issues have been found and they are elaborated in the Remarks section.

A Public Procurement Directorate has been created within the Council of Ministers. Because the duties of the Directorate are only briefly stated in the current law, a special regulation is needed to determine the Directorate's mandate and the precise details of its responsibilities. In a limited manner due to understaffing, a total staff of 10, the Directorate provides services normally associated with a public procurement office such as the provision of legal advice, monitoring of public procurement and drafting of amendments and regulations. Many comment that placing the Directorate within the Council of Ministers is "unusual", rather than being its own independent

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agency. In order to ensure effective implementation of the new public procurement regime, the administrative capacity of the Directorate responsible for public procurement needs to be strengthened. Additionally, substantial work is required in order to ensure that the legislative framework is fully and properly applied by all the public authorities/utilities throughout the country whose procurements are within the scope of coverage of the law.

Regarding actual implementation of the 1999 legislation, the Procurement Office has achieved impressive, but limited results since its creation. The Procurement Office has introduced a partially inclusive online registry that has brought about efficiency and transparency in public procurement. The Procurement Office is now working on improving the online system to streamline procedures and to provide public services. Government officials are generally well educated and trained, but lack experience in implementing anti-corruption activities and knowledge of useful innovations from other countries.

The following are comments and recommendations by other donors and stakeholders with regards the functioning and legislative framework of the Procurement Office:

It has been proposed to modify the law so as to meet a number of essential targets:

- better transparency of the procedure of awarding public contracts and controlling their performance;
- faster and more efficient appeal procedures;
- refined relations among the NAO, the State Financial Control and the Public Procurement Directorate at the Council of Ministers;
- accelerating the setting up of the Public Procurement Register; the information obtained from that register must be fit to be used as evidence in court (an Ordinance on Keeping the Public Procurement Register was issued);
- fixed minimum level of deposits for participation in tenders;
- gradual transition to online procurement, to take account of the new information and communication technologies and of the pending proposals for two EC Directives (of May, 2000) on electronic public procurement (the expectations are that the share of on-line procurements should reach 20 per cent by the year 2003).

TASKS

B.3.2.1 Assessing and improving the existing legislative framework

Within the first six months, the Contract shall conduct a full review of primary and secondary legislation and an assessment of

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all of the legislative and administrative changes required to achieve the full impact of the activity. The Contractor's Chief of Party (COP) shall then work with appropriate counterparts at the policy level to effect the legislative and regulatory reforms identified in the initial assessment. The Contractor shall also provide technical assistance in legislative drafting required to achieve the intended results of this activity. However, the Contractor shall ensure that primary responsibility for the drafting process remains with the Bulgarian counterparts.

B.3.2.2 Software development

The Contractor shall prepare a methodology to identify, evaluate, and test the software that has already been, or is being developed in the Procurement Office to determine its usefulness. Depending on the results, the Contractor's methodology shall also incorporate further software development efforts as necessary and not covered by other donor programs or identify software systems in other countries that could possibly be modified for use in Bulgaria. The Contractor shall complete a needs assessment of hardware in the Procurement Office to determine what hardware might be needed.

B.3.2.3 Improved online procurement system

Information is key to a well-designed procurement system. Tender opportunities must be widely and internationally publicized. Information should be disseminated to all interested parties to ensure public scrutiny and open access to rules and regulations. To simplify and speed up the publication process, and to help promote open competition, many countries and multinational organizations are developing electronic on-line publication systems. These are usually computerized databases or bulletin boards that include, among other things, tender notices that can be downloaded by interested parties. Some countries and suppliers have developed on-line catalogues with pricing information and contractual conditions for a broadening range of goods and services. Suppliers can thus expand their service to public sector clients by pre-pricing products at discounted rates. When the Government passes enabling legislation, the Contractor shall assist in developing an improved electronic registry.

B.3.2.4 Training

The Contractor shall provide assistance in training Procurement Office and Ministries' staff in their functional areas and procedures established in the Law. The Contractor shall prepare a training plan for Procurement Office and the Ministries for on-site procurement related training to the staff. Bulgaria has barely begun to develop strategies to train large numbers of public servants, but must nonetheless immediately train many

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procurement officers. Rather than training officers for specific tasks, the initial focus may need to be on providing information on the broad structures of the new procurement system. This training should target both government purchasing as well as suppliers. Useful documentation and support material on training is available on the Internet. Specialized training for procurement officials, including training culminating in certification, can strengthen the "professionalism" of the procurement system and reduce the potential for corruption.

B.3.2.5 Public access to written records

Ministries in most countries maintain publicly accessible written records of the procurement process. Public access to records helps maintain transparency, allows for official scrutiny via an audit process, and serves as the official record in cases of judicial or administrative challenge. The Contractor shall identify opportunities for such public access to records and provide necessary assistance in promoting such practices.

B.3.2.6 Specific procurement regulations

Internal, or management, control systems should be developed in each organization responsible for procurement in order to clarify the responsibilities at each level of management and ensure that decisions comply with the law and regulations. These control systems shall be externally audited by the National Audit Office. The Contractor shall work with the Pilot Units under the National Audit Office component to specifically include relevant procurement rules in the framework of the Internal control rules.

B.3.2.7 General

The Contractor shall:

- provide examples of best practices, global lessons learned, and targeted short-term technical assistance as needed;
- utilize study tours and/or international conferences to introduce GOB officials and civil society partners to successful practices in other countries and shall provide short-term expert consultants to advise on implementation.

B.4 CIVIL SOCIETY AND PUBLIC-PRIVATE PARTNERSHIP

Background

Non-governmental organizations have made specific contribution to establishing a public-private partnership to combat this phenomenon. The role of Coalition 2000 is emblematic here, as

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this is a lasting formula enabling the cooperation among representatives of civil society, public institutions and a community of experts, and journalists. The *Coalition 2000* process aims to bring civil society organizations, businesses and NGOs into a partnership with government institutions in implementing an effective anti-corruption strategy. *Coalition 2000* is an initiative of a number of Bulgarian non-governmental organizations aimed at combating corruption through a process of cooperation with governmental institutions, media and the private sector.

It should be noted that despite its role as initiator and avantgarde in counteracting corruption, the NGO community itself is not immune to this phenomenon. In the past year some non-governmental organizations came under corruption criticism. Other related phenomena, such as money-laundering, the symbiosis between the state and NGOs, the lack of transparency about donations, etc., also became subject to critical analysis. In turn, the public allegations against some NGOs brought up the critical issue of the insufficient differentiation between government and the party structures, between state institutions and NGOs.

Another set of problems concerns the lack of modern legislation introducing standards of transparency in such presumably legitimate areas as partnership relations, lobbying, donations, and other activities, which in fact often verge on corrupt practices. The anti-corruption effect of the newly adopted Law on Not-for-Profit Legal Persons, entered into force on January 1, 2001 is yet to be assessed. The very debate on corruption within the NGO community makes it possible to focus the efforts to achieve transparency within non-governmental organizations.

Business associations and other professional organizations have been playing an increasingly active role through self-regulation and the introduction of codes of ethics, as well as by clearly stating the vested interest of business in the reduction of the bureaucratic obstacles and in transparent interaction with state institutions. Civil organizations committed to anti-corruption initiatives have made clear evolution towards greater professionalism evidenced in the establishment of local ombudsman institutions (civic mediators), civic observers, as well as other forms of civic mediation (for instance in Shumen, Smolyan, Varna, Sofia, Koprivshtitsa, and other towns).

In the course of the year 2000 Coalition 2000, together with independent media and representatives of other social spheres, have reinforced their leading role in a number of anti-corruption areas: anti-corruption education was initiated for the first time. The Anti-Corruption handbook published by Coalition 2000, intended for the secondary and higher-education system, and the

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specialized studies on various aspects of corruption, have had an awareness- raising effect on civil society.

Some of the specific achievements of Coalition 2000 are:

- Civic monitoring of corruption and above all, the quarterly Corruption Indexes of Coalition 2000, have become an important and frequently consulted source of information about the actual levels and spread of corruption, as well as an indicator of the progress made in the efforts to curb it.
- A lasting tendency for anti-corruption activity to spread from the center to the periphery through the involvement of non-governmental organizations in a number of towns and municipalities has been recorded. The rudiments of a national anti-corruption system have appeared replicating the Coalition 2000 model on a local level by encouraging cooperation between local authorities and civic structures.
- NGOs have been more active in the debate and provided expertise in the process of draft-law development in areas of relevance to the prevention of corruption. One such example was the draft law on the parliamentary ombudsman and the local civic mediators prepared by the Coalition 2000. A working group under the auspices of Coalition 2000 developed a draft law on the Public Defender, which has been submitted to Parliament.
- A regional anti-corruption partnership was launched between non-governmental organizations and institutions from the neighboring Balkan countries. Building on the experience of Coalition 2000, regional anti-corruption monitoring was conducted for the first time, comprising Albania, Bulgaria, and Macedonia and presented to the international community and national public.

TASKS

B.4.1 Grant to Continue Support to Coalition 2000

The Contractor will negotiate and award a grant to the Secretariat of Coalition 2000: The Center for the Study of Democracy. The grant will provide funding in support of the Coalition 2000 initiative to continue to raise public awareness, to exercise its watch-dog role and promote local and national anti-corruption strategies. Unless USAID advises otherwise, the estimated grant value is not anticipated to exceed \$700,000 per year. The Contractor will administer the grant and monitor implementation of the grant program, but will not itself be held responsible for achieving the expected results of the grant program. The grant will include expected results and other terms as negotiated and agreed between the Contractor and Coalition

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2000. However, the grant's program shall include gender considerations and the following elements:

B.4.1.1 Policy component, advocacy building and public awareness:

1. Organize public policy level forums with the publication of an annual Corruption Assessment Report, including specific action recommendations.
2. Organize campaigns to raise public awareness about the economic and social harms of corruption;
3. Develop measures aimed at encouraging public officials, victims of corruption, business and members of the public to co-operate with the authorities in preventing corrupt practices; and
4. Implement education programs aimed at fostering an anti-corruption culture in society;

B.4.1.2 Business Coalitions

A new focus of the public-private coalition building shall be the focus on a more vigorous outreach to the private sector, capitalizing on common issues raised previously. Success against corruption will need the galvanizing support from the larger 'bribe-giving' community, not simply the 'bribe-takers.' With a renewed focus on corporate governance and shareholder rights might be appropriate.

B.4.1.3 Corruption Monitoring/Corruption Indexes

Play a monitoring role and carry out regular corruption monitoring surveys on a quarterly basis. Introduce a business sector and a gray sector corruption indexes. Introduce an index/measurement showing and monitoring hard data on corruption cases - number of cases initiated, prosecuted, indicted, etc.

B.4.1.4 Partnership with Customs and Illegal trafficking

The symbiosis between corruption and smuggling has a devastating effect with persistent social implications. The gray sector is estimated to comprise 35% of economy. The partnership established between Coalition 2000 and Customs shall be promoted and encouraged to continue to provide an example of a watch-dog impact on the efficiency of the work of government institutions.

B.4.1.5 Small grants to NGOs - Local Anti-corruption Network

The module shall, at a minimum, focus on issues of transparency and accountability at the local level, with concrete examples of citizen participation and streamlining administrative reforms.

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Develop appropriate regional and local anti-corruption actions with public officials, private sector and civil society representatives to share information and experience. This component shall be developed in cooperation with the USAID-supported Local Government Program (LGI) and other USAID/Bulgaria programs which work with and through NGOs. Subgrants are estimated to range from \$5,000 to \$25,000, where \$25,000 is the maximum award value. The aggregate value of subgrants awarded under this task is estimated at \$100,000 per contract year.

B.4.1.5 Media

Strengthen media oversight through freedom of information laws, improve ethical and professional standards of journalists and promote training in investigative journalism and provide access to public information in cooperation with the USAID-supported ProMedia program.

B.4.2 PURSUIT OF CORRUPTION ALLEGATIONS - SMALL GRANTS PROGRAM

TASK

Contractor shall devise and implement a small grants program for NGOs to conduct civil investigations of corruption allegations. The goal is to complete the chain of a corruption allegation from its publication in a newspaper or signal for such activity through any other mean to its full civil investigation and submitting the necessary information to the legal authorities when possible. Grants may range in value, but are not expected to exceed \$15,000 per award. The aggregate value of grants awarded under this task is estimated at \$65,000 per contract year.

B.5 HIGHER LEVEL TANGIBLE RESULTS

Successful performance by the Contractor under this contract is expected to lead to the following results:

1. Establish functioning control units within 2 or more selected government agencies;
2. Increased capacity of the NAO to develop and implement anti-corruption measures and internal control requirements;
3. Regularize internal control audits of government entities;
4. Strengthened and improved procurement framework;
5. Increased citizen access to financial information of public officials;
6. Increased public access to procurement documents;
7. Increased publicity on public procurement actions;
8. Increased citizen pressure for anti-corruption reforms;

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9. Improved public-private partnerships (i.e., government-business-citizens); and
10. Wider pursuit of corruption allegations.

The Contractor cannot be held solely responsible for higher level results that are dependent upon, for instance, regulations and practice adopted by the Government of Bulgaria or for the degree of success attained by NGO grant recipients. However, the Contractor shall foster and attend to these higher level tangible results, and will address them in its deliverables (Item B.4 below) including benchmarks in its implementation/work plans and coverage in its performance evaluation and monitoring plan, briefings, progress reports and final report. Any linkage or causal relationship between work performed by the Contractor or its grantees and the achievement of any higher level tangible results, will be noted in each appropriate deliverable. In the event one or more higher level tangible results is not achieved or, should the Contractor at any time realize that any are not achievable, then the Contractor shall immediately advise USAID/CTO and Contracting Officer in writing, and shall provide a complete explanation of the circumstances relating thereto.

B.6 DELIVERABLES

B.6.1 Initial Implementation Plan: an initial implementation plan (covering the first year of the contract period) shall be submitted to the USAID/Bulgaria CTO for review and approval within 45 days of arrival of the Chief of Party.

B.6.2 Annual Work Plans: Work plans for subsequent years are due 60 days prior to the end of each project year. These work plans shall include, at a minimum, the kinds, amounts and timing (to the extent known) of short-term assistance to be provided during each year. Detailed deliverables shall be laid out in the annual work plans. They shall include deliverables such as written needs assessments, training modules, and associated materials, etc.

B.6.3 Quarterly Progress Reports: These reports shall summarize all activities, including discussion of any potential constraints that might prevent the Contractor from meeting any targets and benchmarks. The reports shall coincide with the three month quarters corresponding to the USG Fiscal Year. Each quarterly report shall be due 30 days after the end of the quarter then ended.

B.6.4 Annual Progress Reports: (which shall include the fourth quarterly report): This report will summarize all activities during the year and will include annual performance indicator data. The report shall coincide with the USG Fiscal Year. Annual reports are due 30 days after the end of the fiscal year.

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B.6.5 Final Report: containing (a) a summary of all activities conducted during the life of the contract and comprehensive discussion of how all results were achieved and (b) a financial report detailing how funds were expended by line item. The report should include recommendations to the Bulgarians for how to continue specified activities without USAID assistance. This final report is due 90 days following the end date of the contract.

B.6.6 Data Collection and Training material: all data, documents and materials submitted to partners, other donors and/or other assistance providers must be approved by the USAID/CTO before they are distributed. The Contractor shall also provide USAID with all analyses, evaluations of training activities, instructional materials, procedural and operational manuals, etc.

B.6.7 Oral briefings: as requested by the USAID/CTO. The Contractor shall plan to provide oral briefings at least monthly to the USAID CTO or other individuals as USAID may direct.

B.6.8 Performance Evaluation and Monitoring

The Contractor shall prepare a comprehensive monitoring and evaluation plan, which measures impact and client satisfaction over time as an integral and critical part of this activity. The monitoring and evaluation plan shall, at a minimum, include indicators, targets, data sources and collection methods, baseline information, benchmarks and periodic evaluations. Baseline information shall be collected within the first 60 days of the award and shall continue to be collected for the period conforming to the USG Fiscal Year and reviewed annually.

The plan shall also include mechanisms through which findings can be incorporated, on a continual basis, to the implementation process. All data collected must be desegregated by gender, as indicated in Gender Considerations below.

B.6.9 Role of Partners

Under the Anti-corruption Activity, the Contractor shall develop a plan to consult with, plan and discuss program efforts with appropriate partners, which may include, but are not limited to the National Audit Office, the Procurement Office, Coalition 2000. The Contractor shall engage the partners to ensure their collaboration in the implementation of activities. USAID/Bulgaria believes that partners are in the lead of their reform movement, it is not being pushed by donors. Therefore, USAID's anti-corruption activities should support and advance the Bulgarian efforts and should develop local capacity to continue public administration and anti-corruption efforts.

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Other donors and implementors will also be an essential part of the sustainability of this effort. USAID/Bulgaria shall be substantially involved with the Contractor in engaging other donors and implementors to advance collaboration and avoid duplication. Close coordination with the EU Delegation and the World Bank, among others, shall be required.

SOW PART C - SPECIAL CONSIDERATIONS

C.1 PLACE OF PERFORMANCE

BULGARIA. The contractor's field office headquarters will be located in Sofia. Location of the program elsewhere within Bulgaria will depend on a variety of factors including decisions of local partners and the needs of the program.

C.2 Personnel Requirements

The Contractor shall be committed to providing a long-term technical assistance team (approximately three including the COP) which shall be complemented by an appropriate mix and amount of short-term technical assistance that the Contractor considers necessary to carry out the above described activities. Long-term technical advisors should possess relevant experience of approximately 5-10 years in the respective field and must be committed to remaining in Bulgaria and under this contract for the duration.

The Contractor shall describe the local staff positions needed to support the long- and short-term advisors while they are in Bulgaria. Such local administrative and clerical support staff shall be identified by function, cost and duration of time during the contract. The hiring practice that will be employed and the provisions to be taken to comply with Bulgarian Labor Code requirements shall be submitted to the USAID/CTO. Salary and benefits packages offered locally hired employees shall reflect local market conditions and within the limitations of this contract.

[END OF SECTION C]